

Introduced by Senator Torlakson

February 15, 2005

An act to add Chapter 4.1 (commencing with Section 50560) to Part 2 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

SB 223, as amended, Torlakson. Infill housing.

Existing law requires each city, county, or city and county to prepare and adopt a general plan for its jurisdiction that contains certain mandatory elements, including a housing element. One part of the housing element is an assessment of housing needs and an inventory of resources and constraints relevant to meeting those needs. The housing element also includes a program with a 5-year schedule of actions that the local government is undertaking or intends to undertake to implement the goals and objectives of the housing element. Existing law requires the housing element of a local general plan to identify adequate sites for affordable housing to be made available through appropriate zoning and development standards. A city, county, or city and county is required to submit a draft housing element or draft amendment to its housing element to the department for a determination of whether the draft complies with state law governing housing elements.

Existing law requires the Department of Housing and Community Development, the California Housing Finance Agency, and various other state and local agencies to administer programs to provide affordable housing through incentives to developers, rental housing assistance, and loans or grants for downpayment, interest subsidy, relocation, veterans' programs, and other home purchase assistance.

This bill would establish the ~~Specific Plan Revolving Loan~~ *Job-Center Housing Planning* Program to be administered by the Department of Housing and Community Development for the purpose of providing loans, to the extent funds are made available for this purpose, to cities, counties, and cities and counties to adopt specific plans or equivalent planning documents that provide for additional infill housing opportunities. The bill would require, as a condition of loan eligibility, that a specific plan or equivalent land use plan to meet specified criteria, including that it cover an area that is predominantly urbanized and served by public transportation and that it allow for the development of at least 200 new housing units in a nonmetropolitan area or 500 new housing units in a metropolitan area, ~~at least 10% of which will be affordable to very low or low-income households.~~

The bill would limit the amount of a loan from the fund to \$1,000,000 for a term of not more than 10 years at 3% simple interest, except that the department would be permitted to forgive interest or principal, or both, on the loan or extend the term of the loan. The bill would require the department to adopt regulations to implement the program, but would authorize the department to administer the program using guidelines for 24 months from the date funds first become available and during that time the guidelines would not be subject to the Administrative Procedure Act.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 4.1 (commencing with Section 50560)
2 is added to Part 2 of Division 31 of the Health and Safety Code,
3 to read:

4

5 CHAPTER 4.1. INFILL HOUSING

6

7 50560. There is hereby established the ~~Specific Plan~~
8 ~~Revolving Loan~~ *Job-Center Housing Planning* Program to be
9 administered by the department for the purpose of providing
10 loans to cities, counties, and city and counties to adopt specific
11 plans or equivalent planning documents that provide for
12 additional infill housing opportunities.

50561. (a) To the extent that funds are available, the department shall provide local assistance loans to cities, counties, or cities and counties, on a competitive basis, to adopt a specific plan or equivalent land use plan that meets all of the following criteria:

(1) Covers an area that is “predominantly urbanized,” as defined in Section 33320.1.

(2) Covers an area that is served by public transportation.

(3) Allows for the development of at least 200 new housing units in a nonmetropolitan area or 500 new housing units in a metropolitan area, at least 10 percent of which will be affordable to very low or low-income households. *metropolitan area.*

(4) At least ~~one-half~~ 25 percent of the residential unit capacity shall be on parcels that are zoned for multifamily housing at densities described in subparagraph (B) of paragraph (3) of subdivision (c) of Section 65583.2 of the Government Code.

(5) Allows for the development of all housing units as a “use by right” as defined in subdivision (i) of Section 65583.2 of the Government Code.

(6) Has been subject to environmental review pursuant to the California Environmental Quality Act as set forth in Division 13 (commencing with Section 21000) of the Public Resources Code.

(b) To be eligible for a loan under this chapter, the city, county, or city and county shall meet both of the following criteria:

(1) The city, county, or city and county either has adopted a revised housing element in accordance with Section 65588 of the Government Code that the department has found, pursuant to Section 65585 of the Government Code, to be in substantial compliance with the requirements of Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code or has self-certified its housing element pursuant to Section 65585.1 of the Government Code.

(2) The city, county, or city and county has submitted to the department the annual progress report required by Section 65400 of the Government Code within the preceding 12 months.

50562. (a) Loans made pursuant to this chapter shall not exceed one million dollars (\$1,000,000) and shall be for a term of not more than 10 years. It is the intent of the Legislature that the loans be repaid primarily by planning fees collected by the

1 borrower against subsequent development in the community. The
2 department, at its sole discretion, may forgive interest or
3 principal, or both, on the loan or extend the term of the loan if it
4 determines that repayment will create an undue hardship on the
5 community.

6 (b) A loan pursuant to this chapter shall incur 3 percent simple
7 interest. If the specific plan or equivalent planning document that
8 is the subject of the loan is not adopted within ~~one year~~ *two years*
9 of the date established in the loan agreement, the interest rate
10 shall be recalculated from the initial closing date of the loan
11 agreement at the rate charged by the Pooled Money Investment
12 Account.

13 (c) Loan funds may be used for staff costs, or the cost of a
14 consulting contract, to process the specific plan, conduct
15 environmental assessments or other necessary studies, and
16 provide for public participation outside of regularly scheduled
17 meetings of established governing bodies, including a planning
18 commission, city council, or board of supervisors.

19 (d) (1) Subject to paragraph (2), the department shall adopt
20 regulations for the administration of this chapter in accordance
21 with Chapter 3.5 (commencing with Section 11340) of Part 1 of
22 Division 2 of Title 3 of the Government Code.

23 (2) The department may administer this program using
24 guidelines for 24 months from the date funds first become
25 available, during which time those guidelines shall not be subject
26 to the Administrative Procedure Act.